

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 EUR-12 EA-10 ISO-00 COME-00 GSA-02

OMB-01 TRSE-00 SSO-00 INRE-00 CIAE-00 INR-10

NSAE-00 INT-05 /059 W

-----075582 151514Z /53

O 151456Z JUN 78

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 7719

INFO AMEMBASSY PARIS

AMEMBASSY TOKYO

AMEMBASSY BONN

AMEMBASSY OSLO

AMEMBASSY LONDON

AMEMBASSY BRUSSELS

AMEMBASSY ROME

AMEMBASSY CANBERRA

AMEMBASSY LUSAKA

AMEMBASSY KINSHASA

AMEMBASSY SUVA

AMEMBASSY GABORONE

LIMITED OFFICIAL USE OTTAWA 02997

E.O. 11652: N/A

TAGS: EMIN, CA

SUBJECT: CANADIAN COBALT

REF: STATE 145925

1. DEPARTMENT OF ENERGY, MINES AND RESOURCES FURNISHED
FOLLOWING DATA ON CANADIAN COBALT SUPPLY-DEMAND SITUATION.
PARA NUMBERS CORRESPOND TO THOSE IN REFERENCE.

2. CONSUMPTION:

- 1976 1977 (E) 1978 (E)

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- COBALT METAL 123,836 KG 130,000 KG 135,000 KG

- COBALT OXIDE 25,527 KG 30,000 KG 33,000 KG

- COBALT SALTS 8,129 KG 10,000 KG 11,000 KG

- NOTE: ALL CONSUMPTION IS FROM DOMESTIC PRODUCTION.

- E ESTIMATE.

3. STOCKS: THERE ARE NO PRODUCER STOCKS, AND CONSUMER

- STOCKS COULD BEST BE DESCRIBED AS WORKING
- INVENTORY ONLY.

4. PRODUCTION:

- 1977 (P) 1978 (E)

- ALL FORMS 1,508,000 KG 1,500,000 KG

- NOTE: P PRELIMINARY; E ESTIMATE.

- 99 PERCENT OF CANADIAN PRODUCTION IS BY-PRODUCT OF
- NICKEL MINING. (THE FIGURES ABOVE INDICATE COBALT
- RECOVERED FROM DOMESTIC ORES, A SMALL AMOUNT WHICH IS
- NOT INCLUDED IS RECOVERED FROM IMPORTED NICKEL CON-
- CENTRATES.)

- BY-PRODUCT NATURE OF CANADIAN COBALT MAKES IT RELA-
- TIVELY PRICE INELASTIC. COMPANIES PRODUCING COBALT
- EARN ONLY VERY SMALL PERCENTAGE (1-3 PERCENT) OF
- REVENUES FROM COBALT SALES.

- THERE ARE NO PLANS TO INCREASE COBALT PRODUCTION BY
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- MAJOR PRODUCERS.

5. PRICES: OFFICIAL PRICES HAVE INCREASED FROM DOLS 6.85/

- LB TO DOLS 8.50/LB WITH SPOT PRICES UP TO
- DOLS 24.00/LB.

6. GOVERNMENT POLICIES: AT PRESENT CANADIAN GOVERNMENT

- HAS NOT TAKEN ANY ACTION IN RESPONSE TO TIGHT
- WORLD SUPPLY.

7. COMPANY ALLOCATIONS: NONE OF MAJOR PRODUCERS IN CANADA

- ARE ALLOCATING COBALT SUPPLIES TO CUSTOMERS.
- SHORTAGES OF SUPPLY ARE IN DIRECT RESPONSE TO
- DOWNTURN IN NICKEL MARKET.

ENDERS

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NNN

Message Attributes

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TAGS: EMIN, CA
To: STATE
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